

This table is based on the historic record of CalPERS own currency overlay, using dynamic currency weights versus the USD.

With reduced portfolio liquidity and a higher proportion on non USD assets, a full hedge can be very expensive.

This is the **“affordable zone”**

Cash Flow Implications

July 92-Mar 08

	Worst 12 Month Period	Worst Rolling Period (Peak to Trough)
Period	Feb 2002- Jan 2003	Apr 02-Mar 08
Percentage	-17.29%	-44.56%
Cost in Billions*		
100% Hedge*	\$17.29	\$44.56
75% Hedge*	\$12.97	\$33.42
50% Hedge*	\$8.65	\$22.28
25% Hedge*	\$4.32	\$11.14
20% Hedge*	\$3.46	\$8.91
15% Hedge	\$2.59	\$6.68
10% Hedge*	\$1.73	\$4.46
5% Hedge*	\$0.86	\$2.23

*Assuming 40% of Assets in International, \$250 billion total assets